

**2006 – 9% Projects
Regulation Changes
Application Pages 6-39 &
Checklist items 1-15 with related
Attachments**

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**Set-Aside
Reg. 10315 / 10322 (i)(8-10),
Application Page 6, Checklist 9-12**

- Page 6— Set-Aside Selection
 - Non-profit – 10% of Federal Credit ceiling.
 - Non-profit Homeless Assistance – ½ of non-profit setaside.
 - Changed last year from 5 yr. rent assistance to at least 1 year remaining on contract & applying to at least 30% of the units.

Set-Aside Changes (cont.)

- Rural Set-Aside (Reg. 10322 (i)(9-11)
 - 20% of federal credit (Reg. 10315(c))
 - TCAC Supplemental materials
 - Asterisk census tracts are subject to confirmation by RHS & approval by TCAC.
 - RHS confirmation is a letter from RHS
 - All projects in rural census tract must compete as a rural project, EXCEPT:

Set-Aside Changes (cont.)

- Rural Set-Aside exception:
 - If project is an “At-Risk” or Small Development; or,
 - If no other project has applied in the subject project’s Geographic Area.
 - If so, the subject project may receive an allocation in the last funding round of the calendar year.

**Rural Set-Aside
RHS Apportionment (Reg. 10315(d))**

- 14% of Rural Set-Aside reserved for New Construction projects with a minimum \$1,000,000 RHS “commitment” through 514, 515 or 538 programs.
- RHS 538 program not eligible in 2nd round.
- Projects with “committed” RHS funds have priority over non-RHS projects.

**Rural Set-Aside
RHS Apportionment**

- Project selection prioritized as follows:
 - 1st Priority
 - If \$1,000,000 RHS “commitment”; and,
 - RHS 521 Rental Assistance for a minimum of 50% of the project units (excluding non-restricted management units)

Rural Set-Aside
RHS Apportionment

- 2nd Priority
 - Projects where the RHS 514, 515 or 538 funding commitment is an “obligation”

Rural Set-Aside
RHS Apportionment

- 3rd Priority
 - RHS 514, 515, 538 projects where “commitment” is a “NOFA selection for further processing” but not an “obligation”

Small Development and “At-Risk”, Special
Needs/ SRO
Set-Asides
(Reg. 10315(e) – (g) / Application Page 6)

- Small Development 2% of Federal credit.
- At-Risk 5% of Federal credit.
- Special Needs/SRO 2% of Federal credit.
 - Any project that applies and is eligible under the Homeless Assistance Apportionment but is not funded, will be eligible to be considered under the SpN/SRO set-aside.

Supplemental Set-Aside
(Reg. 10315 (h))

- Hold back 3% of Federal credit – only used in 2nd round;
- Any returned Tax Credits, unused credits from Set-Asides or Geographic Apportionments added to this set-aside.

Housing Needs/ Housing Types
(Application Pages 6 & 12, Checklist 24-28
Reg. 10315 (i))

- Match your pages 6 and 12 to Additional Threshold Selection (Reg. 10325(g))
- Address each item under the housing type.
- If less than 75% Special Needs, project must meet both the Special Needs housing type AND the housing type of the non-special needs units.

Geographic
Apportionments
(Reg. 10315 (j), Application Page 6)

- No Change in allotted percentages, but Imperial County is now in the Inland Empire (San Bernardino & Riverside)
- Ed to discuss Credit Availability for Geographic areas.

Threshold Basis Limit (cont.)

**(Application Page 7, Checklist 38,
Reg. 10302 (nn), 10327 (c)(5))**

- Items a-d are limited to a 29% total adjustment.
- Items f & g are based on the lesser of their respective % maximum or the actual figure from architect or engineer.
- Item e – must have at least 3 of the listed features (page 8).

Features

(Application Page 8, Checklist 38)

- Item (e) Features
 - Exceed Title 24 by at least 15%.
 - Use tankless hot water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system.
 - Use a Minimum Efficiency Report Value (MERV) 8 or higher air-filter for HVAC systems that introduce outside air.

Features (cont.)

- Item (e) Features (cont.)
 - Irrigation systems using only reclaimed water and/or captured rainwater.
 - Recycle at least 75% of construction and demolition waste (measured by either weight or volume).
 - Install natural linoleum, natural rubber, or ceramic tile for all kitchens and bathrooms (where no VOC adhesives or backing is also used).
 - Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% of all common areas.

Features (cont.)

- Install CRI Green Label Plus Carpet, or no carpet, in all bedrooms.
- Vent kitchen range hoods to the exterior of the building in at least 80% of the units.
- Use at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board's Recycled Content Products Database, www.ciwmb.ca.gov/RCP.

Threshold Basis Limit (Cont.)

- Provide certifications from applicant, and/or architect and/or engineer, as required, for the requested threshold basis adjustment items.
- Don't confuse these certifications with Sustainable Methods—(Att. 7). Make sure the requirements of each are met.

Threshold Basis Limit (cont.)

- Certifications from applicant and architect as evidence that features are provided.
Local Development Impact Fee
Reg. 10302 (w)
 - 1) Applicant certification on TCAC Form 38(A).
 - 2) Evidence from the assessing entity may be TCAC Form 38(A) or entity's fee structures. If fee structures, provide summary that clearly shows derivation of figures on Form 38(A).

Cost Efficiency, Credit Reduction and Public Funds (Reg. 10325(c), Application Pages 9 & 10, Checklist 1)

- Three project types—select 1
 - New Construction
 - “At-Risk” (must meet Additional Threshold Requirements – housing type)
 - Substantial Rehabilitation—minimum of \$40,000 in “hard costs” per unit as defined in regulation section 10302(t).

Cost Efficiency, Credit Reduction and Public Funds (cont.)

- Cost Efficiency
 - “Adjusted Threshold Basis”
 - **Application Page 7**
 - **Threshold Basis after any adjustment**
 - “Total Eligible Basis” – Page 33, Line B1
 - **Total amount determined from the Sources and Uses**
 - **Amount at the TOP of application page 33, line B1 (carried over from the bottom of page 32)**

Cost Efficiency, Credit Reduction and Public Funds (cont.)

- Credit Reduction
 - “Total Qualified Basis” – Application page 33, line B5
 - “Qualified Basis Reduction” – if rehabilitation and acquisition, prorate the reduction. Line B6
 - “Total Adjusted Qualified Basis” – line B7 & C1

Cost Efficiency, Credit Reduction and Public Funds (cont.)

- Public Funds
 - Committed
 - Permanent Sources
 - Residual receipts or “soft” loans
 - **Includes assumed federal or subsidized debts – see bottom of application page 10**
 - **Agency allowing assumption must verify that loan can be assumed and is approved by agency**
 - Minimum term of 15 years

Cost Efficiency, Credit Reduction and Public Funds (cont.)

- Donated or leased land by public agency
 - Part of inclusionary housing ordinance
 - Supported by independent 3rd party appraisal
 - Lesser of purchase price or appraised value
 - **Except public land held for more than 3 years will be based on appraisal only.**

Cost Efficiency, Credit Reduction and Public Funds (cont.)

- Helpful Hints
 - ROUND DOWN POINTS TO WHOLE NUMBER – NO FRACTIONS.
 - USE CORRECT AMOUNTS
 - **Eligible Basis not Unadjusted Eligible Basis**
 - MAXIMUM 20 POINTS
 - MUST HAVE MINIMUM 2% IN CREDIT REDUCTION TO BE ELIGIBLE FOR ALL 20 POINTS

**General Partner & Management Company
Experience (Reg. 10325(c), Application
Page 11, Checklist 2)**

- projects supporting G.P. experience must be:
 - multi-family, rental and affordable with more than 10 units (i.e. 11 or more units)
 - subject to a recorded regulatory agreement.
 - in existence for over 3 years

**General Partner Experience
(cont.)**

- projects supporting G.P. experience must be:
 - CPA certified (within 60 days of filing) for
 - positive cash flow per FYE of project
 - funded reserves per loan documents, partnership requirements and/or TCAC requirements
 - must be listed on Form 2(A) and Previous Participation Certification Schedule A.

**General Partner Experience
(cont.)**

- Previously owned projects
 - CPA certification for last full year of GP ownership plus verification of number of years GP owned project
 - **MUST BE PROJECT SPECIFIC – CPA certification for each project listed on Form 2A.**
 - **Make sure CPA certification identifies project so that it can be matched to Form 2A.**

**Management Experience
(Reg. 10325 (c), Application
Page 11, Checklist 2)**

- Projects must:
 - be multi-family, rental, affordable developments
 - be over 10 units (i.e. 11 or more units)
 - be subject to recorded regulatory agreement
 - have an executed management agreement for the TCAC application project.
 - be listed on Form 2B and Schedule A-Previous Participation.

Management Experience (cont.)

- 2 points for Management Training
 - management agent certified by examination by nationally housing tax credit compliance entity on a list maintained by the Committee.
 - Management training points and experience points cannot be added together. Points are based on one or the other, not both.

**Site Amenities
(Application Pages 12-14, Checklist 3,
Reg. 10325 (c)(5)(A))**

- All requested Site Amenities must include:
 - Site map, amenity name, photos, address, contact name, phone number, and any other evidence that demonstrates point eligibility.
- Applicant certification of accuracy of site amenity submission.
 - Attachment/Form 3A

Site Amenities (cont.)

- Transit
 - Every 30 minutes between 7-9 a.m. and 4-6 p.m.
 - Transit schedule with route/stop/times clearly shown; or,
 - transit agency letter verifying stop and frequency.
 - Local agency or architect verification for density of project.

School Facilities, Parks & Community Centers (Checklist 3B)

- Using school facilities
 - Provide copy of the Joint Use Agreement shows the type, frequency, and availability of the facilities to the general public.
- Community Center
 - Provide evidence of availability/access to the general public.

Public Library/ Grocery Stores (Checklist 3C and 3D)

- Public Library
 - Show hours and accessibility along with site map
- Grocery Stores
 - Full-scale/ supermarket
 - Does not mean one small card table holding the produce
 - Make sure photos show required items
 - TCAC verifies with local agency

Public Schools for Large Family Projects (Checklist 3E)

- Large Family projects
 - provide a letter from the public school or school district official (not the school secretary) confirming:
 - the project is within the school's area,
 - the children residing in the project may attend
 - Qualifiers like "subject to", "as available", "temporarily" are not acceptable

Senior Center or Facility Offering Daily Services to Seniors (Checklist 3F)

- provide evidence the senior center or facility is open daily, is accessible to the general public, and the services are appropriate for seniors.
 - Letter from the facility
 - Facility brochure

Facility Serving SRO or Special Needs Tenants (Checklist 3G)

- provide evidence the facility is providing services to the tenant population in the project and the tenants can access these services.
 - Applicant must describe how facility meets the needs of the tenants; and provide,
 - Letter or brochure from facility

Hospital / Medical Clinic (Checklist 3H)

- Provide evidence the medical clinic is available to project tenants on a walk-in basis.
 - Letter or brochure from clinic
 - If HMO or other member-type medical facility, you must provide evidence from the provider that they provide services to non-members on an on-going, fee-for-service basis.

Service Amenities Reg. 10325 (c)(5)(B), Application Page 14, Checklist 4)

Service may be provided off-site within ½ mile with a written agreement that tenants may use the services free of charge (except day care or fees required by law).

Service Amenities (cont.)

- Licensed Child Care (4D)
 - Provide executed service provider contract
 - must show that at least 20 hours per week, Monday through Friday
- High Speed Internet
 - Applicant must certify that high speed internet service is or will be available to the project
 - and the service is or will be provided to each unit free of charge to tenants for 10 years.

Service Coordinator

- Provide coordinator experience.
- List duties of coordinator.
- Include a budget to pay for the coordinator.
- Duties/services must not duplicate any other contracts for services
- Must not be referral-type services.
- May not be the on-site manager or perform property management duties.

Contracts for Services & Senior Counseling Services (Checklist 4E)

- If requesting points for senior counseling services, NO additional points will be awarded for contracting/providing such services as assistance with daily living. This point subcategory can only be used once for 5 points.

Contracts for Services & Senior Counseling Services (Checklist 4E)

- Provide detailed budget showing how services will be paid.
- Provide service provider experience.
- Provide executed contract with service provider.

Contracts for Services & Senior Counseling Services (Checklist 4E)

- Physical space must be available when the project is placed-in-service.
- Services must be available within 6 months of the project's placed-in-service date.
- The commitment to provide services must state they will be provided for 10 years free of charge to the tenants (except child care).

NEIGHBORHOOD REVITALIZATION (Reg. 10302(bb) & 10325 (c)(6), Application Page 15, Checklist 5)

- Points awarded for:
 - Location in designated local revitalization area
 - **Adopted plan by jurisdiction**
 - Must show plan is still in effect
 - Include a drawn-to-scale and scaled for distance map identifying the project and the N.R. efforts already undertaken as well as those planned.
 - **Should include findings of need or identification of problems requiring revitalization.**

NEIGHBORHOOD REVITALIZATION (cont.)

- Points awarded for:
 - 3rd party letter from governmental entities or non-profit organizations that document and substantiate funds committed or expended within past 5 years
 - Must specifically relate to the neighborhood revitalization area where the project is located

NEIGHBORHOOD REVITALIZATION (cont.)

- Points awarded for:
 - Narrative that precisely explains the nature and extent of the NR efforts
 - Tell how the project fits into the NR framework
 - Show how the project is critical to the NR efforts.

NEIGHBORHOOD REVITALIZATION (cont.)

- Points awarded for:
 - Letter from jurisdiction official that delineates the various NR efforts in the immediate vicinity
 - Include both undertaken and planned efforts
 - Demonstrate funds have been committed and expended in the immediate neighborhood.
 - Projects that are part of planned military base reuse, located on tribal lands, in fed. renewal community, empowerment zones, state enterprise zones, or enterprise communities or has received HOPE award from HUD.

Neighborhood Revitalization (Cont'd)

Full maximum points will be awarded to projects that are part of planned military base reuse, located on tribal lands, in a federal renewal community, empowerment zones, state enterprise zones, or enterprise communities or has received HOPE award from HUD.

Must provide evidence that the project meets one of the above criteria. None of the other N.R. evidence is required.

**NEIGHBORHOOD REVITALIZATION
(cont.)**

- **Must show**
 - Plan has been adopted (not just submitted)
 - Specific efforts toward achieving the goals have occurred
 - Be specific to the neighborhood

**NEIGHBORHOOD REVITALIZATION
(cont.)**

- Efforts undertaken may include
 - Existing partnership coalitions with public entities, private sector enterprises and/or nonprofit community organizations, financing commitment for work to be done or beginning of specific project.

**BALANCED COMMUNITIES
(Reg. 10325 (c)(7), Application
Page 16, Checklist 6)**

- Local government funds must be a minimum of 5% of Total Project Costs
- **Points**
 - Evidence from local government of formally adopted initiatives to encourage affordable rental housing in new growth/ high income areas.
 - Project must be consistent with initiatives

**BALANCED COMMUNITIES
(cont.)**

- **Points (cont.)**
 - Evidence project is built adjacent to upper income family housing.
 - comparable sales verifying average home sales prices within ½ mile are over 100% of area average sales prices; or,
 - Census data demonstrating average income of the census tract is at or above 100% of area median.

BALANCED COMMUNITIES (cont.)

- **Points (cont.)**
 - 10% @ 30% = 2 pts.
 - 20% @ 30% = 3 pts
 - 30% @ 30% = 4 pts.

**Sustainable Building Methods
(Reg. 10325 (c)(8), Application Pages 16-17
& Checklist 7)**

- Provide certification from applicant and architect or mechanical engineer for all sustainable building methods provided.

**Lowest Income
(Reg. 10325 (c)(9), Application
Page 18 - Not a Checklist item)**

- Applicants must target 10% of the units at 30% of area median income to receive the maximum points. These units must be spread across each bedroom size, starting with the largest bedroom size.

**Lowest Income (cont.)
Calculating the 30% Mix**

Given:
80 unit project
28 1-bedroom units
36 2-bedroom units
16 3-bedroom units

**Example A
Step One - Remember to Round UP**

28 1-bdrm X .10% = 2.8 units = 2 units *
36 2-bdrm X .10% = 3.6 units = 4 units
16 3-bdrm X .10% = 1.6 units = 2 units
Total 30% units 8 units

* You may round the smallest unit-type down to keep the total unit count at exactly 10% (8 units in an 80 unit project.). If had an 85 unit project, then would need to do 9 units at 30% and round up all.

**Example A
Step Two
Allocate starting with the largest unit count**

<u>Bdrm</u>	<u>Allocation</u>	<u>Sequence</u>			
3	1	4	7	=	3 units
2	2	5	8	=	3 units
1	3	6	X	=	2 units

Note: See how the calculation shifts allocation to the larger unit type to meet the 8 unit requirement.

**Readiness to Proceed
(Reg. 10325 (c)(10), Application
Page 19, Checklist 8)**

- Attachment/Form 8B may be used to verify readiness to proceed. You may provide multiple Forms 8B from appropriate agencies to address all of the items, if necessary.
- Evidence, as verified by the appropriate officials , of site plan approval and that all LOCAL LAND USE environmental review clearances (CEQA and NEPA) necessary to begin construction are either finally approved or unnecessary.

**Readiness to Proceed
(cont.)**

- Don't forget your evidence that any/all construction financing commitment fees have either been paid or are not required.
- Failure to meet the 150-day timeframe for all requirements can result in negative points.

Tie-Breakers
Reg. 10325 (c)(12)

Not a Checklist or Application Item

- 1st Tie-breaker—Housing Type
 - Large Family
 - Single Room Occupancy
 - At-Risk
 - Special Needs
 - Seniors

Tie-Breakers (cont.)

- 2nd Tie-breaker for Non-rural projects —
 - Federally Designated Renewal Community, Empowerment Zone, Enterprise Community, or State Enterprise Zone
 - QCT project with a NR score of at least 8 points.
 - If not located in any of the above areas has received 9 points in the NR or Balanced Communities sections.

Tie-breaker (cont.)

- 2nd Tie-breaker for Rural projects —
 - QCT, Federally Designated Renewal Community, Empowerment Zone, Enterprise Community, Champion Community, or State Enterprise Zone located project shall be selected over a project not meeting this criterion.

Tie-Breakers (cont.)

- 3rd Tie-Breaker—Cost Ratio Formula

Unadjusted eligible Basis (app. page 33, line B2)

Total Project Cost Less (developer fees, land costs, general partner loans or equity) – app. pages 30-32

Note: if GP, equity provider, or sponsor loan, is long-term permanent—leave in as part of Total Project Cost

Sample Calculation

Unadjusted Eligible Basis=	\$8,000,000
Project Cost	\$12,000,000
Less: Land	(\$500,000)
Dev. Fee	(\$1,200,000)
G.P.	(\$100,000)
	\$10,200,000
 \$8,000,000/ \$10,200,000= .7843%	

State Credit Substitution

Maximum 2 points

No Changes

Check the box --- get the points!

Housing Need and Demand Checklist Item14

- Provide evidence of public housing waiting lists from the local housing authority.
- The most updated list that is available should be used. A cover letter from the housing authority with a current date would suffice.

Demonstrated Site Control Checklist 15

- Provide a current title report (within 90 days of application)
 - that shows the applicant holds fee title, or;
 - that shows the name on the title matching to the person/entity that the property is being purchased from.

Demonstrated Site Control Purchase/Sale & Option Contracts Checklist 15

- Make sure contract closing date goes out past application deadline.
- Make sure contract allows for extensions if necessary to show that you have maintained site control.

Demonstrated Site Control Purchase/Sale & Option Contracts Checklist 15

- If the closing date of contract has been extended via extension clause, make sure you provide evidence that the extension has been duly exercised.
- If contract is being assigned to the applicant, make sure the contract states that it may be assigned and if necessary provide the seller's authorization of the assignment.

Demonstrated Site Control Purchase/Sale & Option Contracts Checklist 15

- Make sure the copy provided has all signatures.
- If escrow can be extended by paying an additional fee, then include documentation that the fee has been paid and shows the extension date. A receipt or verification of payment would suffice.